

## **Monash University**

Comments re: Australian Council on Intellectual Property  
Patents and Experimental Use - Options Paper  
28 February 2005

### **Introduction**

In its earlier submission to ACIP in relation to the "Patents and Experimental Use" Issues Paper, Monash University submitted that it is becoming increasingly important that an exemption from infringement for *bona fide* experimental or research use of a patented invention is given a statutory basis, and that any such exemption be as clear and definite as possible. In particular, it was pointed out that a statutory experimental use exemption should clearly set out the extent of that exemption, so that both researchers and patentees can fully and readily understand its scope.

The University also submitted that a statutory experimental use exemption based on the European model drawing a distinction between experimentation "on" the invention itself (for example, to determine how it operates, test it, or use it as a basis for a different invention) and experimentation "using an invention for its intended purpose" (for example, a research tool or method) is a practical and workable distinction.

The University now takes the opportunity to respond to the invitation to provide comments on the Options Paper in this matter, released in December 2004, and in particular on ACIP's preferred options as identified on page 17 of this Options Paper. Each of these options is discussed separately in the following paragraphs.

### **OPTION B.**

As noted on page 7 of the Options Paper, this option involves simply maintaining the current situation, that is, acknowledging that there may be some uses of a patented invention which do not constitute infringement, and that it is uncertain whether experimental use is or is not an infringement, with the Courts being left to decide on these points.

As the University has already pointed out, the current situation in which there is no explicit experimental use exemption to infringement in the Australian *Patents Act 1990* requires clarification. The University believes that it is critical that the patent law in Australia contains provisions which allow *bona fide* experimental or research use for a patented invention as an exemption to infringement. Accordingly, the University considers that a "no change" option is not acceptable, and that the opportunity must be taken to provide a statutory experimental use exemption from infringement of a patented invention which clearly sets out the extent of the exemption so that, as noted above, both researchers and patentees can fully and readily understand its scope.

### **OPTION C1.**

As noted on page 9 of the Options Paper, under this option, the definition of exploitation of a patented invention within the Australian *Patents Act 1990* would be

amended so that exploitation would not include "experimental use", with no further guidance on the meaning of the term "experimental use" being provided.

Once again, whilst the University would support an amendment of the Australian *Patents Act 1990* to introduce a statutory experimental use exemption from infringement of a patented invention, the University considers that Option C1 does not go far enough, and that it is important that any statutory experimental use exemption is as clear and definite as possible in setting out the extent of the exemption. As is acknowledged in the discussion of this option on page 9, whilst this option would make it clear that there is an inherent limit on the scope of patent rights, it leaves the courts with a great deal of flexibility to interpret the definition of the term "experimental use", leading to a situation where a great deal of the current uncertainty is maintained. The University considers this is undesirable, and would lead to a situation where both researchers and patentees will still not fully and readily understand the scope of the statutory experimental use exemption from infringement provided under Option C1.

#### **OPTION C7.**

As set out on page 13 of the Options Paper, under this option the Australian *Patents Act 1990* would be amended to establish an exemption for acts that constitute "fair experimentation" on a patented invention. The option includes guidance in determining whether an act is "fair experimentation" by setting out "key issues" which must be considered in determining whether an act is "fair experimentation".

These key issues which are to be considered in determining whether an act is "fair experimentation" clearly introduce commercial/non-commercial aspects into the determination of whether an act is "fair experimentation". The first of these issues, "the purpose and character of the act", clearly involves consideration of whether the act has a commercial or non-commercial purpose or character. In this regard, in its previous submission, the University noted that there are significant problems in drawing a distinction between exempt and non-exempt experimentation or research on the basis of the purpose or intention of the experimentation or research (i.e. whether it is for commercial or non-commercial purposes). In particular, it was pointed out that any distinction drawn along the commercial/non-commercial lines would be not workable as most research could be said to have at least some degree of underlying commercial purpose.

The second issue is "the subject matter of the invention", and it is not at all clear how this issue could be relevant to determining whether an act is "fair experimentation", except perhaps in the very limited situation where the patented invention is a research tool or method. Similarly, it is not clear how the other two issues, "the availability of the invention in the marketplace" and "the commercial effect of the act upon the patent holder", can be considered to be at all relevant to determining whether an act is "fair experimentation", and these two issues clearly introduce commercial/non-commercial considerations which the University considers to be unworkable.

In the case of academic research institutes such as the University where most current research and experimentation is performed with at least some degree of commercial intent or motivation, it is considered that it would be almost impossible

for a researcher or the University to ascertain whether or not an act constituted "fair experimentation" having regard to these key issues.

This option also incorporates the concept of "inclusive permitted uses", that is, a non-limiting list of acts which would normally be considered to be exempt from infringement, and which are expressly included within the concept of "fair experimentation". The University agrees that the acts set out in this list should be exempt from infringement, but suggests that the list should also include "academic instructional experimentation".

In summary, however, the University does not consider that a statutory experimental use exemption from infringement of a patented invention which is based on the concept of "fair experimentation" would provide a situation in which the extent of the exemption can be fully and readily understood by both researchers and patentees.

#### **OPTION C8.**

As set out on pages 13-14, this option involves a statutory exemption from infringement for acts that experiment "on" the subject matter of the patented invention, for example to investigate its properties or improve upon it, and this aspect of experimentation "on" the patented invention is supported by a list of "inclusive permitted uses", listing acts which would be permitted acts of experimentation on an inclusive, non-limiting basis. As noted above in the comments on Option C7, the University agrees that these listed acts should be exempt from infringement, and suggests that "academic instructional experimentation" should also be included in the list.

The University notes, however, that under this option, exemption would only be available if the experimentation is "the sole or dominant purpose of the act", and considers that the introduction of the concept of "sole or dominant purpose" of the act or activity in relation to a statutory experimental use exemption leads to undesirable uncertainty as to the extent of the exemption. There are a number of unanswered issues in relation to the reference to "the sole or dominant purpose of the act", in addition to problems of proof. By way of example, it raises questions as to whether or not it is the purpose of the person doing the act that is to be considered; or is the purpose to be determined on some objective basis. In addition, the University considers that the concept of "sole or dominant purpose" would lead to uncertainty. As previously pointed out, most current research and experimentation (including at academic research institutes such as the University) has at least some degree of commercial intent or motivation. Such research would seem to be excluded under the "sole purpose" concept, and under the "dominant purpose" concept it would in many cases be difficult for the researcher and the University to assess whether the non-commercial or commercial aspects of the research was the "dominant purpose", again leading to uncertainty.

Accordingly, whilst the University considers that Option C8 provides the basis for an acceptable option in that it provides for an exemption from infringement for acts that experiment "on" the subject matter of the patented invention, supported by an inclusive, non-limiting list of permitted acts of experimentation, the inclusion in Option C8 of the provision that the exemption is only available if experimentation is "the sole or dominant purpose", results in uncertainty in that it introduces a concept that

cannot be fully and readily understood by researchers and patentees. Therefore, the University supports Option C8 with the deletion of the “sole or dominant purpose” requirement.

### **Conclusion.**

The University reiterates that it believes that the distinction between experimentation "on" a patented invention itself and experimentation "using an invention for its intended purpose" is a practical and workable distinction for a statutory experimental use exemption from infringement, and that any such statutory exemption should avoid distinctions which involve the purpose or intention of the experimentation or research. On this basis, Option C7 and Option C8 both appear to include or encompass a distinction based on purpose (presumably raising thereby commercial/non-commercial aspects), and to this extent do not appear to be acceptable to the University.

As set out above, the University considers that apart from the inclusion in Option C8 that the exemption is only available if experimentation is "the sole or dominant purpose", this option contains features which the University considers could provide the basis for an acceptable statutory experimental use exemption. The University suggests adding “academic instructional experimentation” to the list of acts deemed exempt from infringement.

As set out in its previous submission, Monash University considers that an experimental use exemption from patent infringement should provide an appropriate balance between the rights of patentees to prevent others from using their invention, and the rights of researchers and other third parties to build upon and learn from the inventions that are the subject of patent protection. The University considers that the most practical and straightforward way of achieving this objective is based on a distinction between experimentation "on" a patented invention and experimentation "using" a patented invention for the purpose for which it is patented; namely Option C8 without the “sole or dominant purpose” requirement.

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